



January 25, 2008

HOUSE BILL No. 1220

DIGEST OF HB 1220 (Updated January 23, 2008 9:29 pm - DI 92)

Citations Affected: IC 6-2.5; IC 36-7.5; noncode.

Synopsis: Transportation tax areas. Establishes a transportation tax area for the territory within Lake County and Porter County. Provides for an allocation to the transportation tax area from the state gross retail and use taxes collected from the counties. Requires the development board of the northwest Indiana regional development authority to use the allocation for projects related to the West Lake line. Establishes a transportation tax area for the territory within LaPorte County and St. Joseph County. Provides for an allocation to the transportation tax area from the state gross retail and use taxes collected from the counties. Requires the board of trustees of the Northwest Indiana Commuter Transportation District to use the tax allocation for certain rail improvement projects in South Bend and Michigan City. Makes an appropriation.

Effective: July 1, 2008.

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January 14, 2008, read first time and referred to Committee on Ways and Means.
January 24, 2008, amended, reported — Do Pass.

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HB 1220—LS 6939/DI 92+



January 25, 2008

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1220

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-2.5-14 IS ADDED TO THE INDIANA CODE
2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2008]:

4 **Chapter 14. Northwest Indiana Transportation Tax Area**

5 **Sec. 1. As used in this chapter, "bonds" means bonds, notes, or**
6 **other evidences of indebtedness issued by the development**
7 **authority for the development of the West Lake line.**

8 **Sec. 2. As used in this chapter, "commuter transportation**
9 **district" refers to a commuter transportation district that:**

10 (1) is established under IC 8-5-15; and

11 (2) has among its purposes the maintenance, operation, and
12 improvement of passenger service over the Chicago, South
13 Shore, and South Bend Railroad and any extension of that
14 railroad.

15 **Sec. 3. As used in this chapter, "covered taxes" means the state**
16 **gross retail and use taxes imposed under this article.**

17 **Sec. 4. As used in this chapter, "development authority" refers**

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to the northwest Indiana regional development authority established by IC 36-7.5-2-1.

Sec. 5. As used in this chapter, "development board" refers to the governing body appointed under IC 36-7.5-2-3 for a development authority.

Sec. 6. As used in this chapter, "eligible county" refers to the following:

(1) A county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(2) A county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000).

Sec. 7. As used in this chapter, "West Lake line" means a commuter transportation district project that extends passenger rail service by the Chicago, South Shore, and South Bend Railroad along a route to Lowell and Valparaiso.

Sec. 8. (a) The combined territory of the eligible counties is designated as a transportation tax area that is entitled to a monthly allocation of covered taxes in the manner and amount provided by this chapter.

(b) Before September 1, 2008, the development board shall submit to the department by certified mail a complete list of the following:

(1) Employers in the transportation tax area.

(2) Street names and the range of street numbers of each street in the transportation tax area.

The development board shall update the list before July 1 of each year that begins after December 31, 2008.

(c) The department may adopt rules under IC 4-22-2 and guidelines to govern the allocation of covered taxes to a transportation tax area.

Sec. 9. A transportation tax area designated under section 8 of this chapter expires when the bonds, together with the interest on the bonds, and interest on unpaid installments of interest, and all costs and expenses in connection with an action or a proceeding by or on behalf of the holders, are fully met, paid, and discharged.

Sec. 10. The department shall before the tenth day of each month determine the total amount of covered taxes deposited in the state general fund under IC 6-2.5-10-1(b)(2) in the previous month that were:

(1) remitted, in the case of the state gross retail tax deposits,

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by a retail merchant for retail transactions occurring in an eligible county; or

(2) paid, in the case of the use tax deposits, by a person who resides or is domiciled in an eligible county.

Sec. 11. The amount of the monthly allocation of covered taxes that a transportation tax area is entitled to receive is equal to:

(1) the amount determined under section 10 of this chapter; multiplied by

(2) twelve and forty-six hundredths percent (12.46%).

Sec. 12. (a) All allocations of covered taxes under this chapter for a transportation tax area shall be made by warrants issued by the auditor of state to the treasurer of state ordering those payments to the development board on or before the twentieth day of each month.

(b) There is annually appropriated from the state general fund an amount sufficient to make the allocations required by this chapter.

Sec. 13. The development board shall deposit all allocations received under this chapter in the development authority fund established by IC 36-7.5-4-1. Money deposited in the development authority fund under this section may be used by the development authority only for the purposes specified in IC 36-7.5-4-1(h).

Sec. 14. The development board shall repay to the state general fund any amount that is paid to the development board under section 12 of this chapter and used for a purpose that is not described in IC 36-7.5-4-1(h).

Sec. 15. This chapter expires on the earlier of:

(1) December 31 of the calendar year in which the transportation tax area expires under section 9 of this chapter; or

(2) December 31, 2043.

SECTION 2. IC 6-2.5-15 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

Chapter 15. North Central Indiana Transportation Tax Area

Sec. 1. As used in this chapter, "board" refers to the board of trustees of the commuter transportation district.

Sec. 2. As used in this chapter, "bonds" means bonds, notes, or other evidences of indebtedness issued by the development authority for the development of a north central Indiana rail improvement project.

Sec. 3. As used in this chapter, "commuter transportation

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district" refers to a commuter transportation district that:

- (1) is established under IC 8-5-15; and
- (2) has among its purposes the maintenance, operation, and improvement of passenger service over the Chicago, South Shore, and South Bend Railroad and any extension of that railroad.

Sec. 4. As used in this chapter, "covered taxes" means the state gross retail and use taxes imposed under this article.

Sec. 5. As used in this chapter, "eligible county" refers to the following:

- (1) A county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000).
- (2) A county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000).

Sec. 6. As used in this chapter, "north central Indiana rail improvement project" means a commuter transportation district project for any of the following purposes:

- (1) Improving access to the South Bend airport.
- (2) Relocating tracks in Michigan City.
- (3) Signal and catenary projects contained within an eligible county.

Sec. 7. (a) The combined territory of the eligible counties is designated as a transportation tax area that is entitled to a monthly allocation of covered taxes in the manner and amount provided by this chapter.

(b) Before September 1, 2008, the board shall submit to the department by certified mail a complete list of the following:

- (1) Employers in the transportation tax area.
- (2) Street names and the range of street numbers of each street in the transportation tax area.

The board shall update the list before July 1 of each year that begins after December 31, 2008.

(c) The department may adopt rules under IC 4-22-2 and guidelines to govern the allocation of covered taxes to a transportation tax area.

Sec. 8. A transportation tax area designated under section 7 of this chapter expires when the bonds, together with the interest on the bonds, and interest on unpaid installments of interest, and all costs and expenses in connection with an action or a proceeding by or on behalf of the holders, are fully met, paid, and discharged.

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1 **Sec. 9.** The department shall before the tenth day of each month
 2 determine the total amount of covered taxes deposited in the state
 3 general fund under IC 6-2.5-10-1(b)(2) in the previous month that
 4 were:

5 (1) remitted, in the case of the state gross retail tax deposits,
 6 by a retail merchant for retail transactions occurring in an
 7 eligible county; or

8 (2) paid, in the case of the use tax deposits, by a person who
 9 resides or is domiciled in an eligible county.

10 **Sec. 10.** The amount of the monthly allocation of covered taxes
 11 that a transportation tax area is entitled to receive is equal to:

12 (1) the amount determined under section 9 of this chapter;
 13 multiplied by

14 (2) four and four-tenths percent (4.4%).

15 **Sec. 11. (a)** All allocations of covered taxes under this chapter
 16 for a transportation tax area shall be made by warrants issued by
 17 the auditor of state to the treasurer of state ordering those
 18 payments to the board on or before the twentieth day of each
 19 month.

20 (b) There is annually appropriated from the state general fund
 21 an amount sufficient to make the allocations required by this
 22 chapter.

23 **Sec. 12.** The board shall deposit all allocations received under
 24 this chapter in a segregated capital improvement fund that may be
 25 used only for a north central Indiana rail improvement project.

26 **Sec. 13. (a)** The board shall repay to the state general fund any
 27 amount that is paid to the board under section 11 of this chapter
 28 and used for a purpose other than a north central Indiana rail
 29 improvement project.

30 (b) Any state gross retail and use taxes deposited into the fund
 31 under section 12 of this chapter that remain in the fund when the
 32 transportation tax area expires must be transferred to the
 33 treasurer of state for deposit in the state general fund.

34 **Sec. 14.** This chapter expires on the earlier of:

35 (1) December 31 of the calendar year in which the
 36 transportation tax area expires under section 8 of this
 37 chapter; or

38 (2) December 31, 2043.

39 SECTION 3. IC 36-7.5-1-18 IS ADDED TO THE INDIANA CODE
 40 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 41 1, 2008]: **Sec. 18.** "West Lake line" means a commuter
 42 transportation district project that extends passenger rail service

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by the Chicago, South Shore, and South Bend Railroad along a route to Lowell and Valparaiso.

SECTION 4. IC 36-7.5-4-1, AS ADDED BY P.L.214-2005, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. (a) The development board shall establish and administer a development authority fund.

(b) The development authority fund consists of the following:

(1) Riverboat admissions tax revenue, riverboat wagering tax revenue, or riverboat incentive payments received by a city or county described in IC 36-7.5-2-3(b) and transferred by the county or city to the fund.

(2) County economic development income tax revenue received under IC 6-3.5-7 by a county or city and transferred by the county or city to the fund.

(3) Amounts distributed under IC 8-15-2-14.7.

(4) Food and beverage tax revenue deposited in the fund under IC 6-9-36-8.

(5) Funds received from the federal government.

(6) Appropriations to the fund by the general assembly.

(7) Other local revenue appropriated to the fund by a political subdivision.

(8) Gifts, donations, and grants to the fund.

(9) State gross retail and use taxes deposited in the fund under IC 6-2.5-14-13.

(c) ~~On the date the development authority issues bonds for any purpose under this article, which are secured in whole or in part by The~~ **development authority shall establish a development authority fund.** The development board shall establish and administer ~~two (2) accounts within the development authority fund: The accounts shall be the a general account, and the a lease rental account, After the accounts are established, and such other accounts in the fund as are necessary or appropriate to carry out the powers and duties of the development authority. Except as otherwise provided by law or agreement with holders of any obligations of the development authority, all money transferred to the development authority fund under subsections~~ **subsection (b)(1), (b)(2), and (b)(4) shall be deposited in the lease rental account and used only for the payment of or to secure the payment of obligations of an eligible political subdivision under a lease entered into by an eligible political subdivision and the development authority under this chapter. However, any money deposited in the lease rental account and not used for the purposes of this subsection shall be returned by the treasurer of the development authority to the**

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1 respective counties and cities that contributed the money to the
2 development authority.

3 (d) ~~Notwithstanding subsection (c),~~ If the amount of ~~all~~ money
4 transferred to the development authority fund under ~~subsections~~
5 **subsection (b)(1), (b)(2), and (b)(4)** for deposit in the lease rental
6 account in any one (1) calendar year is greater than an amount equal to:

7 (1) one and twenty-five hundredths (1.25); multiplied by

8 (2) the total of the highest annual debt service on any bonds then
9 outstanding to their final maturity date, which have been issued
10 under this article and are not secured by a lease, plus the highest
11 annual lease payments on any leases to their final maturity, which
12 are then in effect under this article;

13 ~~then~~ all or a portion of the excess may instead be deposited in the
14 general account.

15 (e) **Except as otherwise provided by law or agreement with the**
16 **holders of obligations of the development authority,** all other money
17 and revenues of the development authority may be deposited in the
18 general account or the lease rental account at the discretion of the
19 development board. Money on deposit in the lease rental account may
20 be used only to make rental payments on leases entered into by the
21 development authority under this article. Money on deposit in the
22 general account may be used for any purpose authorized by this article.

23 (f) The development authority fund shall be administered by the
24 development authority.

25 (g) Money in the development authority fund shall be used by the
26 development authority to carry out this article and does not revert to
27 any other fund.

28 (h) **The development authority shall separately account for state**
29 **gross retail and use tax revenue accruing to the development**
30 **authority under IC 6-2.5-14-13. The money may be used only for**
31 **the following purposes:**

32 (1) **Providing funding to assist a commuter transportation**
33 **district in an eligible county in the construction,**
34 **reconstruction, renovation, purchase, lease, acquisition, and**
35 **equipping of the West Lake line.**

36 (2) **Using the development authority's funds to match federal**
37 **grants or make loans, loan guarantees, or grants to facilitate**
38 **the construction, reconstruction, renovation, purchase, lease,**
39 **acquisition, and equipping of the West Lake line.**

40 (3) **Exercising any other power or duty of the development**
41 **authority to facilitate the construction, reconstruction,**
42 **renovation, purchase, lease, acquisition, and equipping of the**

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1 West Lake line, including the issuance of bonds, the
2 establishment of reserves, the acquisition of property, and the
3 entering into of leases and other agreements.

4 (i) Any state gross retail and use taxes deposited into the fund
5 under IC 6-2.5-14-13 that remain in the fund when a
6 transportation tax area established by IC 6-2.5-14-8 expires must
7 be transferred to the treasurer of state for deposit in the state
8 general fund.

9 SECTION 5. [EFFECTIVE JULY 1, 2008] IC 6-2.5-14, as added
10 by this act, applies to retail transactions occurring after June 30,
11 2008.

12 SECTION 6. [EFFECTIVE JULY 1, 2008] IC 6-2.5-15, as added
13 by this act, applies to retail transactions occurring after June 30,
14 2008.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1220, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 4, after "14." insert "**Northwest Indiana**".

Page 3, between lines 31 and 32, begin a new paragraph and insert:
"SECTION 2. IC 6-2.5-15 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

Chapter 15. North Central Indiana Transportation Tax Area

Sec. 1. As used in this chapter, "board" refers to the board of trustees of the commuter transportation district.

Sec. 2. As used in this chapter, "bonds" means bonds, notes, or other evidences of indebtedness issued by the development authority for the development of a north central Indiana rail improvement project.

Sec. 3. As used in this chapter, "commuter transportation district" refers to a commuter transportation district that:

- (1) is established under IC 8-5-15; and**
- (2) has among its purposes the maintenance, operation, and improvement of passenger service over the Chicago, South Shore, and South Bend Railroad and any extension of that railroad.**

Sec. 4. As used in this chapter, "covered taxes" means the state gross retail and use taxes imposed under this article.

Sec. 5. As used in this chapter, "eligible county" refers to the following:

- (1) A county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000).**
- (2) A county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000).**

Sec. 6. As used in this chapter, "north central Indiana rail improvement project" means a commuter transportation district project for any of the following purposes:

- (1) Improving access to the South Bend airport.**
- (2) Relocating tracks in Michigan City.**
- (3) Signal and catenary projects contained within an eligible county.**

Sec. 7. (a) The combined territory of the eligible counties is

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designated as a transportation tax area that is entitled to a monthly allocation of covered taxes in the manner and amount provided by this chapter.

(b) Before September 1, 2008, the board shall submit to the department by certified mail a complete list of the following:

- (1) Employers in the transportation tax area.
- (2) Street names and the range of street numbers of each street in the transportation tax area.

The board shall update the list before July 1 of each year that begins after December 31, 2008.

(c) The department may adopt rules under IC 4-22-2 and guidelines to govern the allocation of covered taxes to a transportation tax area.

Sec. 8. A transportation tax area designated under section 7 of this chapter expires when the bonds, together with the interest on the bonds, and interest on unpaid installments of interest, and all costs and expenses in connection with an action or a proceeding by or on behalf of the holders, are fully met, paid, and discharged.

Sec. 9. The department shall before the tenth day of each month determine the total amount of covered taxes deposited in the state general fund under IC 6-2.5-10-1(b)(2) in the previous month that were:

- (1) remitted, in the case of the state gross retail tax deposits, by a retail merchant for retail transactions occurring in an eligible county; or
- (2) paid, in the case of the use tax deposits, by a person who resides or is domiciled in an eligible county.

Sec. 10. The amount of the monthly allocation of covered taxes that a transportation tax area is entitled to receive is equal to:

- (1) the amount determined under section 9 of this chapter; multiplied by
- (2) four and four-tenths percent (4.4%).

Sec. 11. (a) All allocations of covered taxes under this chapter for a transportation tax area shall be made by warrants issued by the auditor of state to the treasurer of state ordering those payments to the board on or before the twentieth day of each month.

(b) There is annually appropriated from the state general fund an amount sufficient to make the allocations required by this chapter.

Sec. 12. The board shall deposit all allocations received under this chapter in a segregated capital improvement fund that may be

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used only for a north central Indiana rail improvement project.

Sec. 13. (a) The board shall repay to the state general fund any amount that is paid to the board under section 11 of this chapter and used for a purpose other than a north central Indiana rail improvement project.

(b) Any state gross retail and use taxes deposited into the fund under section 12 of this chapter that remain in the fund when the transportation tax area expires must be transferred to the treasurer of state for deposit in the state general fund.

Sec. 14. This chapter expires on the earlier of:

(1) December 31 of the calendar year in which the transportation tax area expires under section 8 of this chapter; or

(2) December 31, 2043."

Page 6, after line 4, begin a new paragraph and insert:

"SECTION 6. [EFFECTIVE JULY 1, 2008] IC 6-2.5-15, as added by this act, applies to retail transactions occurring after June 30, 2008."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1220 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 15, nays 5.

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